

Message Text

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ACTION XMB-04

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 8023

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PASS EXIMBANK AND OPIC

EXIMBANK FOR WALTER C. SAUER

OPIC FOR LEO NIELSON

E.O. 11652: NA

TAGS: EFIN,TH

SUBJ: CUSI-WOLFE REVIEW OF SKPC REVITALIZATION PROSPECTS

REF: STATE 159494

1. ALTHOUGH MANY PROBLEMS NEED CORRECTION AT MILL WHICH CORRECTIONS COULD LOWER COSTS AND ADD TO EFFICIENCY, BASIC PROBLEM IS COMMERCIAL.

2. SPIRIT OF COOPERATION AMONG LOCAL CREDITORS IS HIGH. CUSI-WOLFE COMMENCING WORK WITH SIZEABLE STAFF CONTRIBUTED BY LCOAL CREDITORS TO ASCERTAIN BEST METHOD FOR CORRECTING THE COMMERCIAL PROBLEM WITHOUT ADDITIONAL CAPITAL EXPENDITURE.

3. TEAMS WILL BE ALLOCATED TO:

(A) WORK OUT DETAILS FO A MANAGEMTN CONTRACT INVOLV-
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ING SIAM CEMENT AND SCOTT AND"OR SAN CRISTOBAL. SCC IS

HOSTING THESE TALKS AND PROSPECTS FOR A TOP MANAGEMENT TEAM ARE PROMISING.

(B) INVESTIGATE NEW MARKETING OPPORTUNITIES BY FACE-TO-FACE DISCUSSIONS WITH LOCAL MERCHANTS, COMPETITORS, AND GOVERNMENT AGENCIES. UNDER INVESTIGATION WILL BE FEASIBILITY OF ADOPTING MULTI-WALL BAGS TO OTHER USES, DEVELOPING A PROPRIETARY MARKET IN COMPLETED BOXES THROUGH CONTRACTUAL ARRANGEMENTS WITH LOCAL BOX MANUFACTURERS, APPLICATION OF BROWN PAPERS TO NEW END USES SUCH AS FOR WALL BOARD, TAR PAPER, ETC.

(C) REVIEW EACH STOP OF THE MANUFACTURING PROCESS AT THE MILL IN EFFORT TO:

(1) REDUCE COSTS BY ADJUSTING FURNISH TO THE MILL.

(2) MAXIMIZE THE RETURN FROM LABOR.

(3) CONSERVE ON THE USE OF FUEL.

(4) INCREASE THE RATE OF PRODUCTION.

(D) PREPARE A BUDGET OF COSTS AND SELLING PRICES WHICH WOULD ASSURE ADEQUATE PROFIT FOR 1975-76 AND THEREAFTER.

(E) CONFORM THE BASIC FINANCIAL RESTRUCTURING SET FORTH IN THE SUPPLEMENTARY MEMORANDUM OF UNDERSTANDING TO LOCAL LAWS OR OTHER REQUIRED ACCOMMODATION. THESE WILL INCLUDE LOCAL INPUT AS TO:

(1) HOW OWNERSHIP WILL BE DELIVERED TO CREDITORS;

(2) AND TO WHAT EXTENT DEBT WILL BE RESTRUCTURED;

(3) HOW DEBT SHOULD BE AND CAN BE REPAYED;

(4) HOW THE INPUT OF WORKING CAPITAL CAN BE KEPT TO A MINIMUM, WHAT THAT MINIMUM WOULD BE, HOW IT SHOULD BE PUT IN AND HOW IT SHOULD BE REPAYED.

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(F) COMPILE FROM THE ABOVE A REASONABLE PROJECTION OF PROFIT AND LOSS, AND CASH FLOWS THROUGH TO THE PAYOUT OF ALL CURRENT DEBT.

4. DEMANDS UPON CUSI'S TIME REQUIRE HE DEPART BANGKOK ON TUESDAY JULY 22. LOCAL CREDITORS HOPE TO FINALIZE PRELIMINARY DRAFT OF FINDINGS FOR WOLFE TO TAKE BACK TO WASHINGTON BY WEEK OF AUGUST 4. CUSI-WOLFE PLAN TO REPORT TO EXIMBANK-OPIC ON

AUGUST 5, 1975.

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